



## County of Los Angeles CHIEF EXECUTIVE OFFICE

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WILLIAM T FUJIOKA  
Chief Executive Officer

Board of Supervisors  
GLORIA MOLINA  
First District

YVONNE B. BURKE  
Second District

ZEV YAROSLAVSKY  
Third District

DON KNABE  
Fourth District

MICHAEL D. ANTONOVICH  
Fifth District

July 24, 2007

To: Supervisor Zev Yaroslavsky, Chairman  
Supervisor Gloria Molina  
Supervisor Yvonne B. Burke  
Supervisor Don Knabe  
Supervisor Michael D. Antonovich

From: William T Fujioka  
Chief Executive Officer

A handwritten signature in black ink, appearing to be "W. T. Fujioka", written over a horizontal line.

### **SACRAMENTO UPDATE**

#### **State Budget Stalemate**

As previously reported in our July 23, 2007 Sacramento Update, the Senate is scheduled to reconvene Wednesday, July 25, 2007, at 9:00 a.m. to consider the State Budget. As the budget impasse continues, the State has certain constraints on the expenditures that can be made. According to State Controller, John Chiang, the Controller cannot pay, among other items, vendors for services provided after July 1 and salaries and per diem of State elected officials and their appointed staff.

The State Controller's press release outlining the items which can and cannot be paid absent the enactment of the FY 2007-08 State Budget is attached.

#### **Pursuit of County Position on a Budget Item**

On July 20, 2007 the Assembly approved SB 77, the FY 2007-08 State Budget Bill, which included \$9.2 million for Information Technology Equipment Replacement to support computer hardware replacement for the Los Angeles Eligibility Automation Determination Evaluation and Reporting (LEADER) system, the Child Welfare Services/Case Management System (CWS/CMS), and other social services automation systems across the State. The \$9.2 million augmentation is still subject to approval by the Senate and the Governor. The County Welfare Directors Association (CWDA) is encouraging all counties to urge the Senate and the Governor to preserve this funding.

The Department of Public Social Services (DPSS) relies on LEADER computer equipment to accurately determine eligibility and maintain benefits for thousands of CalWORKs, Food Stamps and Medi-Cal beneficiaries each month. Similarly, the Department of Children and Family Services (DCFS) manages child welfare caseloads through the CWS/CMS system which tracks investigations of child abuse cases and court documentation to maintain the safety of vulnerable children. Both departments have indicated that this funding for periodic replacement of outdated computer equipment (workstations, printers, and other related equipment) is consistent with best practice protocols to sustain adequate functioning of their systems. Furthermore, adequate computer equipment is critical to ensure the County's ability to meet program objectives is not hindered by the breakdown and repair of old computer equipment. Failure to adequately fund necessary, periodic hardware replacements places the County and the State at increased risk of noncompliance with Federal and State program standards. According to CWDA estimates, of the proposed \$9.2 million augmentation, the County will receive approximately \$2.8 million for the LEADER system, and about \$2.5 million will be available Statewide for the CWS/CMS system.

Therefore, consistent with Board-approved policy to support funding for ongoing maintenance activities for the County's LEADER system, and policy to support funding to modify the County's automated systems, **our Sacramento advocates will support efforts to retain the \$9.2 million State General Fund augmentation for Information Technology Equipment Replacement included in the FY 2007-08 State Budget Bill.**

#### **Pursuit of County Position on Legislation**

**County-support and amend AB 1481 (De La Torre)**, as amended on July 18, 2007, would require the State Water Resources Control Board (WRCB), on or before July 31, 2009, to establish general discharge permits for landscape irrigation projects utilizing recycled water for which the State Department of Public Health has set recycling criteria and would authorize the WRCB to establish a reasonable schedule of fees to reimburse the WRCB for the costs it incurs in adopting and administering the general permit. The Department of Public Works (DPW) indicates that AB 1481 would support increased use of recycled water for appropriate non-potable purposes. Increasing the use of recycled water for non-potable purposes as a substitute for potable water would increase the amount of potable water available for truly potable purposes. This is essential for the County and California to meet anticipated increases in water demand due to population increases.

The July 18, 2007 amendment to AB 1481 fulfilled the County's request to clarify that the general permit would apply to any irrigation uses for which the State Department of Public Health has or will set recycling criteria. However, the amendment also added new language that the general permit shall include language that provides for the modification of the terms and conditions of the general permit if a regulatory or statutory change occurs that affects the application of the general permit or if there is substantial evidence that the use of the recycled water may pose a threat to water quality or

beneficial uses. DPW recommends that this language be amended further to clarify that the general permit would be subject to changes only when regulatory or statutory changes affecting the general permit occur at the State level or if the State Water Resources Control Board determines recycled water poses a threat to water quality or beneficial uses. Consistent with the County's previous support and amend position on AB 1481 and the impact of the July 18, 2007 amendment, **our Sacramento advocates will continue a support and amend position.**

**County-opposed SB 137 (Torlakson)**, which would have increased the income eligibility cap for the California Children's Services (CCS) program from \$40,000 adjusted gross income (AGI) to 400 percent of the federal poverty level (FPL), which is \$82,600 for a family of four (4), was amended on July 10, 2007 to address the County's concerns. The Departments of Public Health and Health Services (DPH and DHS) indicated that the 400 percent FPL limit, which had been proposed in SB 137, would have resulted in about 800 newly eligible CCS patients per year, which would have increased to several thousand patients in total. DPH and DHS estimated that the additional costs for these patients would have totaled \$1.5 million annually in the short term and increased to at least \$15 million annually over time. The amendments would: 1) cap the county financial responsibility at a new benchmark level based on the rate set annually by the federal government at 300 percent FPL for a family of two (2), which is currently \$41,070; and 2) provide 100 percent reimbursement to counties for administrative costs for children in families over the new benchmark level. **Based on these amendments, the County will remove its opposition to SB 137.**

#### **Status of County-Sponsored Legislation**

**County-sponsored AB 714 (Maze and Bass)**, which would allow for the disclosure of birth family records for previously adopted children who return to foster care, was signed by the Governor on July 20, 2007.

#### **Status of County Advocacy Legislation**

**County-supported SB 145 (Corbett)**, which would extend the deadline for transferring trial court facilities from counties to the State from June 30, 2008 to December 30, 2008, was placed on the Assembly Appropriations Committee's suspense file on Wednesday, July 18, 2007. The suspense file is expected to be considered in late August.

#### **Legislation of County Interest**

**SB 484 (Lowenthal)**, as amended on July 20, 2007, would require that an experienced, objective, impartial and professional entity conduct any recall or special election that is held in the City of Lynwood during the 2007 and 2008 calendar years. Additionally, the bill requires the City of Lynwood to pay the County of Los Angeles for any expenses authorized and incurred in conducting any recall or special election held in the City of Lynwood.

According to the analysis by the Assembly Committee on Elections and Redistricting, SB 484 is narrowly written to address a recent situation in the City of Lynwood where a majority of the City Council: 1) defied the City Clerk; 2) defied the Los Angeles County Registrar-Recorder/County Clerk's (RRCC) request to set a date for a recall election for four of its members; and 3) refused to move forward with an impartial and objective entity to conduct the recall election. In June 2007, RRCC concluded that there were sufficient properly verified signatures on recall petitions to hold a special election for four officials.

The Committee analysis also notes that on June 22, 2007, after receiving notification that the Lynwood City Council had not yet set a special election date, RRCC scheduled the recall election for September 25, 2007 pursuant to the State Elections Code. Ten candidates have filed to run in the recall election for the seats of the four Council members who are the subject of the recall.

According to the RRCC, July 23, 2007 was the last day of the 10 days legally required for public inspection of Candidates' Statements of Qualification. However, because the candidate filing process was handled entirely by the City of Lynwood, it is not possible for RRCC staff to verify whether interested parties among the public were given the opportunity to inspect the candidates' statements that are on file with the city. Translating, proofreading and printing of sample ballot cannot move forward until the public inspection period has ended. Additionally, by August 16, 2007, the vendor responsible for mailing of materials should be ready to mail sample ballots to voters. None of the processes that must precede that mailing can be completed until RRCC is authorized to conduct the election.

SB 484 is an urgency measure that would take effect immediately upon the signature of the Governor. The bill is currently on the Governor's desk. Our Sacramento advocates continue to closely monitor the bill and will urge the Governor's Office to take action on the bill as soon as possible.

We will continue to keep you advised.

WTF:GK  
MAL:DD:MR:hg

Attachment

c: All Department Heads  
Legislative Strategist  
Local 660  
Coalition of County Unions

# CONTROLLER JOHN CHIANG

## STATE OF CALIFORNIA

### Attachment

300 Capitol Mall  
Sacramento, CA 95814  
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[www.controller.ca.gov](http://www.controller.ca.gov)

PR07:031

FOR IMMEDIATE RELEASE:  
JUNE 29, 2007

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916-445-2636

## Chiang Describes Fiscal Impact of No Budget

**SACRAMENTO** – State Controller John Chiang today outlined what bills his office can and cannot pay absent the enactment of a state budget by the end of the fiscal year June 30.

“The State has enough cash to pay bills that come due at the end of June and we can keep payments flowing for some essential services,” Chiang said. “But despite having cash on hand, starting July 1, I am prohibited from making payments to school special education programs, community colleges, local governments, small businesses and state vendors until a budget is in place.”

Even without a budget by June 30, the State Controller still has the authority to pay for vital services including basic funding for schools, health and welfare programs required by federal law, constitutional obligations, state employee payroll and continuous legislative appropriations.

The Controller will continue to make the following payments:

- Federally-mandated services such as Supplemental Security Income/State Supplementary Payment (SSI/SSP), and In-Home Support Services.
- Debt service and other financial obligations authorized by the State Constitution.
- Payroll for state employees covered by the Federal Fair Labor Standards Act.
- Vendor payments for services provided in the fiscal year ending June 30.
- Expenses with ongoing appropriations from the Legislature, including Medi-Cal, CalWORKs, income tax refunds and payments on claims for unclaimed property.

Without a budget by the start of the new fiscal year, the Controller cannot pay:

- School districts for categorical programs such as special education and remedial summer school, community colleges, local governments and other entities not included in the above parameters.
- Vendors for services provided after July 1.
- Salaries and per diem of state elected officials and their appointed staff.

Controller Chiang added that large payments to community colleges and schools come due at the end of July; without a budget in place by mid-July, those payments cannot be made.

“A budget stalemate that persists until the end of July will threaten California’s ability to meet many significant financial obligations,” Chiang said. “We can avoid putting financial pressure on our schools, community colleges and those private businesses that provide state services if a budget is enacted in the next few weeks.”

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